

Message Text

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FM AMEMBASSY LISBON

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EO 11652: N/A

TAGS: BGEN, PO

SUBJ: TORRINGTON INDUSTRIES

REF: (A) LISBON 3770

(B) LISBON 3808

1. LABOR AND COMMERCIAL ATTACHES MET WITH CHEIF OF CABINET OF LABOR MINISTER, AMARAL, ON JULY 8. AMONG OTHER SUBJECTS, EMBASSY OFFICERS DISCUSSED LATEST TORRINGTON DEVELOPMENTS AND REQUESTED APPOINTMENT WITH LABOR MINISTER COSTA MARTINS FOR AMBASSADOR OR CHARGE TO DISCUSS PROBLEM.

2. ACCORDING AMARAL, LABOR MINISTRY HAS NOT ABRUPTLY CHANGED ITS POSITION ON TORRINGTON PROBLEM. HE MAINTAINS THAT THE TWO PROPOSALS ACCEPTED BY FIRM IN EARLY JUNE WERE NO MORE THAN COMPROMISES PUT FORWARD BY MINISTER'S CABINET. THEY WERE REJECTED BY WORKERS AND MINISTRY HAS NOW PUT FORWARD ANOTHER PROPOSED SOLUTION (THE JULY 3 PROPOSAL--SEE REFTTEL A).

3. AMARAL STATED THAT HE IS STILL HOPEFUL THAT A SETTLEMENT CAN BE REACHED, ALTHOUGH NOT AT PRESENT TIME BECAUSE EMOTIONS ARE RUNNING TOO HIGH. THE MINISTRY HOPES TO BE ABLE TO CALM THE SITUATION SO THAT A COMPROMISE SOLUTION MIGHT BE ACCEPTED BY BOTH SIDES AFTER "15 OR 30" DAYS. HE DID NOT ELABORATE ON THE SOLUTION. PAYMENT TO WORKERS COMMISSION ON JULY 7 BY LABOR MINISTER OF TWO MILLION ESCUDOS (\$80,000) IS MEASURE
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DESIGNED TO CALM TENSIONS WHICH THREATEN TO CAUSE VIOLENCE IN

PLANT. AMARAL DESCRIBED PAYMENT AS FORM OF UNEMPLOYMENT INSURANCE TO "PREVENT STARVATION" AND STATED THAT FUNDS BELONG TO GOP AND NOT TORRINGTON. AMARAL ALSO STATED THAT TOO MANY PEOPLE FROM LABOR MINISTRY WERE INVOLVED IN ATTEMPTING TO RESOLVE PROBLEM AND THAT HE AND ROSA WERE TAKING THINGS INTO THEIR HANDS. FINALLY, AMARAL NOTED THAT THE TRANSLATION DURING THE NEGOTIATING SESSIONS BY TORRINGTON'S PORTUGUESE LAWYER MAY BE LEADING TO MISUNDERSTANDINGS AND MAKING AGREEMENT MORE DIFFICULT. AMARAL SAID THAT THE LAWYER WAS ADDING HIS OWN INTERPRETATION TO LABOR MINISTRY OR WORKERS COMMENTS.

4. FYI. AMARAL'S COMMENTS ON TORRINGTON LAWYER MAY BE JUSTIFIED. LAWYER WAS CERTAINLY MORE IN TUNE WITH PRE-APRIL 25, 1975 REGIME AND HAS TENDED TO TAKE HARD LINE THROUGHOUT DISCUSSION WITH EMBASSY OFFICIALS. TORRINGTON U.S. OFFICIALS ADMITTED THEY HAD TO CALM HIM DOWN DURING JULY 4 MEETING. ASHMEAD AND SHANNON INFORMED OF AMARAL COMMENT ON LAWYER. END FYI.

5. COMMENT: WHILE AMARAL MAY BE TECHNICALLY CORRECT THAT MINISTRY HAS NOT ABRUPTLY CHANGED POSITION, TORRINGTON OFFICIALS ARE RIGHT IN BELIEVING THAT GOP POSITION HAS HARDENED. IN EFFECT, NEW LABOR MINISTRY PROPOSAL APPEARS TO HAVE ACCEPTED MOST WORKERS' DEMANDS AT EXPENSE OF MANAGEMENT. WHILE PAYMENT OF FUNDS MAY CALM TENSIONS IN PLANT, MEASURE HAS EFFECT OF INCREASING PRESTIGE OF WORKERS COMMITTEE AND STRENGTHENING THEIR RESOLVE TO WIN ACCEPTANCE FOR DEMANDS.

6. EMBASSY OFFICERS HAVE IMPRESSION THAT AMARAL SINCERELY DESIRES COMPROMISE SOLUTION TO PROBLEM. HOWEVER, WE NOT OPTIMISTIC THAT SETTLEMENT WILL BE REACHED, EVEN AFTER 10 TO 30 DAY PERIOD AND THIS PERIOD SHOULD NOT HAVE ANY BEARING ON TIMING OF PROTEST.
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